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ALLEN-SCOTT REPORT

By ROBERT S. ALLEN and PAUL SCOTT

Revenue Service Probe of Bobby Baker Returns Widening; Senate Democratic Campaign Funds Studied

WASHINGTON—While the Senate is noisily embroiled in bitter partisan wrangling over the continuance of the Bobby Baker investigation, the Internal Revenue Service is quietly expanding its probing of his multifarious financial operations.

At IRS request, the Senate Democratic Campaign Committee has turned over its files on campaign contributions and disbursements for the years 1956-63, when Baker was secretary of the majority.

During this seven-year period, he played an important backstage role in the committee's far-flung political operations. It was common knowledge in Democratic circles, especially among senatorial candidates, that Baker received and disbursed large sums of campaign contributions.

For example: At the height of the tense 1962 congressional elections, he visited a number of states as the campaign committee's representative to determine how financial aid would be given the Democratic senatorial candidates.

Sen. George Smathers, Fla., who the investigation has disclosed had business ties with Baker, was then committee chairman.

The decision to make the committee's records available to the Revenue Service was made by Sen. Warren Magnuson, Wash., current chairman. He reached this determination in response to the IRS's explanation that it wanted these financial files to check them against Baker's income tax returns.

It was the IRS angle that brought to the Senate Rules Committee the dynamite-loaded affidavit from accountant Milton Hautt charging his name had been forged on some of Baker's returns.

The IRS probe is particularly significant, as the Democratic members of the investigating committee have hotly opposed Republican demands for a full airing of Baker's tax reports. The Democrats have contended this is outside the committee's scope — an interpretation strenuously challenged by the GOP.

Meanwhile, Sen. John Williams, R-Del., veteran "one-man investigating committee," whose charges precipitated the Baker probe, is conducting his own inquiry into the latter's handling of campaign funds.

Williams has an affidavit that Baker conferred with a top Teamster official during the 1960 pre-convention contest. From other sources, Williams has information that Baker received sizable Teamster contributions during this period — when Baker was very active for then-Senate Democratic Leader Lyndon Johnson.

Also in Sen. Williams' possession are documented reports that Baker conferred in New York City with the late President Kennedy at the height of his fall campaign for the White House, and allegedly turned over a large amount of money.

If the investigating committee refuses to go into these matters, it is Williams' intention to air them in detail in a Senate speech.

SECRET "MAGIC" STOCKHOLDERS

A key issue behind the stormy partisan clashing over continuance of the probe is the strong Republican suspicion that a number of high-placed officials made big profits by buying shares of the Mortgage & Guaranty Insurance Co., Milwaukee, at bargain basement prices. The probe has disclosed that Baker made a killing in "MAGIC" speculation.

Potently reinforcing the GOP belief is the vehemence of the Democrats' hostility to digging into the affairs of "MAGIC." They have violently fought that.

The Republicans have unavailingly sought the list of the company's stockholders. The Democrats contend this is not pertinent to an investigation of Baker's activities.

The GOP has information that at least four senators and certain high administration officials were let in on the lush "MAGIC" melon.

Neither side has mentioned any names. But a significant discussion of this backstage bombshell occurred during one of the hot Senate clashes over the investigation. Highlights of this unnoticed exchange are as follows:

Sen. Frank Lausche, D-O.: "As I understand it, some members of the committee want the records (of 'MAGIC') brought in so as to be able to trace the orders issuing stock and the source of such stock."

Senator Hugh Scott, R-Pa.: "That is correct."

Lausche: "Is it the belief of some members of the committee that stock was issued to others than those identified in testimony rules of the committee?"

Scott: "Yes. There is evidence in the testimony which indicates that this company was to issue some \$700,000 worth of stock to persons who could be helpful in its development, and that this stock would be issued at less than the market value. The committee has been able to unearth the issuance of between \$100,000 and \$200,000 of the stock, but as to more than \$500,000 worth of the stock we know nothing. We believe it was issued, but we have no proof. We have not had the opportunity to learn the facts."

Lausche: "What request was made to find out whether the stock was issued, the price and to whom it went?"

Scott: "We submitted a list of 14 witnesses, but the majority has shown no interest in subpoenaing them or the records of the company . . . It appears to be the firm intention of the majority to terminate the investigation, despite the fact that it is confronted by demands for witnesses and for records in accordance with the rules of the committee."

★ ★ ★ SOCIAL WHIRL

Three imposing legal organizations gave a reception for the Supreme Court, but that didn't seem to cut much ice with the justices. Only Chief Justice Earl Warren and Justice Hugo Black, accompanied by their wives, showed up. The other "Seven Old Men" ignored the party by the District of Columbia Bar Association, the National Lawyers' Club and the District Chapter of the Federal Bar Association. There was no explanation for the cold shoulder; even Warren and Black couldn't account for it . . . Jordan's King Hussein is expected to bring his blonde English wife with him when he visits Washington April 14. President and Mrs. Johnson have invited her, and the General Federation of Women's Clubs has asked her to address them. Jordan's ambassador says he confidently anticipates that Princess Muna, as Hussein's wife is known, will be with him . . . Oil-rich Kuwait, with a population of 330,000, is a tiny state, but it staged a giant party to celebrate the accession of its ruler, His Highness Abdulla Al-Salem Al Sahab. Some 900 diplomatic and other free-loaders turned out to partake of a lavish buffet and unlimited liquid refreshments.